

## Message Text

CONFIDENTIAL

PAGE 01 LISBON 09426 091826Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00  
CIAE-00 PM-05 H-01 INR-07 L-03 NSAE-00 PA-01  
PRS-01 SP-02 SS-15 OMB-01 TRSE-00 /049 W  
-----125626 091845Z /44

O R 091738Z DEC 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC IMMEDIATE 4036  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION USNATO  
DIA WASHDC  
USCINCEUR VAIHINGEN GER  
USNMR SHAPE BRUSSELS BEL  
COMUSFORAZ

C O N F I D E N T I A L LISBON 9426

E.O. 11652: GDS  
TAGS: PINT, PO  
SUBJECT: POST-SOARES ALTERNATIVES

REF: (A) LISBON 9425 (DTG 091513Z DEC 77)  
(B) LISBON 9298 (DTG 051657Z DEC 77)

SUMMARY: PROSPECTS FOR EANES'S PREFERRED ALTERNATIVE, A  
GOVERNMENT OF "MANAGERIAL COMPETENCE" WITH PARTY MEMBERS  
PARTICIPATING AS INDIVIDUALS, ARE ONLY FAIR. HE MIGHT BE  
ABLE TO PUT ACROSS HIS SECOND CHOICE, A GOVERNMENT OF  
"MANAGERIAL COMPETENCE" SOLELY WITH INDEPENDENTS. ELECTIONS,  
WHICH NEITHER THE PRESIDENT NOR THE DEMOCRATIC PARTIES  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 09426 091826Z

WANT NOW, WOULD BE THE LAST RESORT. END SUMMARY.

1. PRESIDENT EANES HAS ALREADY BEGUN CONSULTATIONS  
LOOKING TO THE FORMATION OF A NEW GOVERNMENT (REF A).  
THE THREE ALTERNATIVES HE IS CONSIDERING WERE DISCUSSED  
IN (REF B); THEY INCLUDE:  
-- A GOVERNMENT OF "MANAGERIAL COMPETENCE" WITH PARTY

MEMBERS PARTICIPATING AS INDEPENDENTS.

-- A GOVERNMENT OF "MANAGERIAL COMPETENCE" SOLELY WITH INDEPENDENTS.

-- DISMISSING THE LEGISLATURE AND NAMING AN INTERIM GOVERNMENT PENDING NEW ELECTIONS.

2. PROSPECTS FOR EANES'S PREFERRED ALTERNATIVE, A GOVERNMENT OF "MANAGERIAL COMPETENCE" WITH PARTY MEMBERS, ARE ONLY FAIR. THE PRINCIPAL OBSTACLE WILL BE THE DIFFICULTY OF BRINGING THE SOCIALISTS ALONG. PS LEADER SOARES MADE IT CLEAR DURING THE DEBATE ON HIS CONFIDENCE MOTION THAT THE CHOICE WAS BETWEEN THE SOCIALISTS IN THE GOVERNMENT OR IN THE OPPOSITION. ACCEPTANCE OF A "SOCIALISTS-PLUS-INDEPENDENTS" FORMULA WOULD BE A VIRTUAL PREREQUISITE TO INDUCING SOARES TO TRY AGAIN. SOARES WOULD ALSO INSIST UPON FOLLOWING ESSENTIALLY THE SAME PROGRAM WHICH WAS JUST REJECTED IN THE LEGISLATIVE ASSEMBLY. THE ABSENCE OF SOCIALISTS WOULD MAKE IT DIFFICULT FOR THE PRESIDENT TO INCLUDE PSD AND CDS MEMBERS FOR FEAR OF CREATING YET ANOTHER "MINORITY GOVERNMENT." AND IF THE SOCIALISTS REMAINED ON THE OUTSIDE, PRESSURES FOR LEFT-RIGHT POLARIZATION WOULD BE INTENSIFIED.

3. EANES MIGHT, THEREFORE, MOVE QUICKLY TO THE SECOND ALTERNATIVE, A GOVERNMENT OF "MANAGERIAL COMPETENCE" SOLELY WITH INDEPENDENTS OR INDIVIDUALS WITHOUT STRONG PARTY TIES. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 09426 091826Z

BUT THERE ARE ALSO PROBLEMS WITH THIS FORMULA. IT WOULD BE DIFFICULT TO FIND ENOUGH QUALIFIED "INDEPENDENTS" TO PUT TOGETHER A FIRST-CLASS ADMINISTRATION. THE PARTIES WOULD STILL HAVE TO PASS ON NAMES, AND THE GOVERNMENT PROGRAM WOULD HAVE TO GET THROUGH THE ASSEMBLY. THE GOVERNMENT, LACKING A PARLIAMENTARY BASE OF ITS OWN, WOULD TEND TO FALL BACK ON THE PRESTIGE OF THE PRESIDENT TO WORK ITS WILL. DESPITE THE OBSTACLES, EANES MIGHT BE ABLE TO SELL THIS FORMULA TO THE PARTIES, PARTICULARLY WHEN THE REMAINING ALTERNATIVE IS ELECTIONS WHICH NONE OF THE DEMOCRATIC PARTIES WANTS NOW.

4. TIMING IS BECOMING AN INCREASINGLY IMPORTANT CONSIDERATION. ALL CONCERNED ARE AWARE OF DEEPENING BALANCE-OF-PAYMENTS PROBLEMS AND THE LOOMING LIQUIDITY CRISIS. DESPITE PARTISAN RHETORIC IN THE ASSEMBLY AND ELSEWHERE, THE COOLER HEADS IN THREE DEMOCRATIC PARTIES RECOGNIZE THE NECESSITY OF REACHING AGREEMENT THE INTERNATIONAL MONETARY FUND; THE SOCIALISTS ARE STILL PREPARED TO TRY TO WORK SOMETHING OUT WITH THE OTHER PARTIES. EITHER OF THE FIRST TWO ALTERNATIVES COULD PRODUCE SUFFICIENT POLITICAL SUPPORT TO PUT ACROSS AN IMF UNDERSTANDING. IF THE ELECTION ROUTE WERE CHOSEN, THE IMF

MIGHT BE RELUCTANT TO COMMIT ITSELF, UNTIL THE RESULTS ARE  
KNOWN.  
CARLUCCI

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT REFORM, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-Dec-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LISBON09426  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770459-0244  
**Format:** TEL  
**From:** LISBON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19771274/aaaackja.tel  
**Line Count:** 119  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** ce9d2308-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 LISBON 9425, 77 LISBON 9298  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 26-Oct-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 296486  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POST-SOARES ALTERNATIVES  
**TAGS:** PINT, PO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/ce9d2308-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009